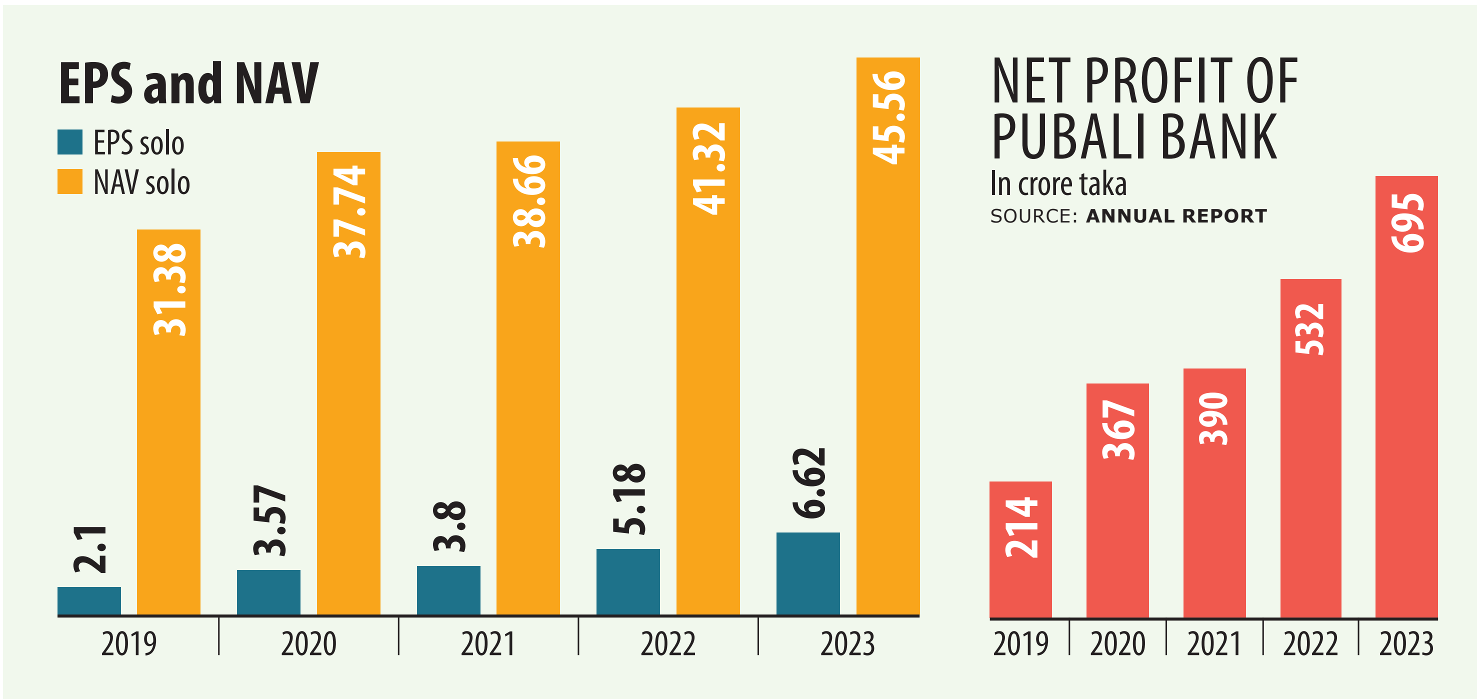
Pubali Bank posts its highest profit in 2023



STAR BUSINESS REPORT

Pubali Bank PLC registered profits of Tk 695.12 crore in 2023, marking the company's highest annual earnings since its inception, thanks to higher interest income and treasury bond proceeds.

Profits of the private commercial bank grew 30 percent year-on-year last year, according to price sensitive information published by the company following its board meeting on Thursday.

As such, the bank reported consolidated earnings per share of Tk 6.76 for 2023 compared to Tk 5.49 for the preceding calendar year, the company said in a press release.

The net asset value per share rose to Tk 46.33 from Tk 41.96.

A top official of Pubali Bank said the interest income and treasury bond proceeds rose for mainly two reasons.

The first is that the central bank lifted the interest rate cap, so the interest income of the whole banking sector went up.

In July last year, the Bangladesh Bank moved away from the 9 percent interest rate ceiling on loans and implemented a market-based rate. Banks had followed the interest rate cap since April 2020 in line with the central bank's instructions.

"Moreover, the yield rate of treasury bonds has been on a rising trend for the past several months. So, it ensured higher income from treasury bonds," the official added.

The bank's board declared a 12.5 percent cash dividend and 12.5 percent stock dividend for 2023 in what was its highest dividend declarations in more than a decade. In 2022, the lender provided a 12.5 percent cash dividend

The bank's board declared a 12.5 percent cash dividend and 12.5 percent stock dividend for 2023 in what was its highest dividend declarations in more than a decade.

Pubali Bank announced a 35 percent stock dividend in 2010. In 2022, the lender provided a 12.5 percent cash dividend.

The bank said the stock dividend has been recommended to strengthen the capital base for supporting future business growth and improving certain regulatory ratios.

It also said the stock dividend was recommended out of accumulated profit.

However, the dividend is not recommended from the capital reserve or revaluation reserve or any unrealised gain or out of profit earned prior to incorporation of the bank or through reducing paid-up capital or through doing anything so that the post dividend retained earnings become negative or a debit balance, it added.

The bank will hold an annual general meeting on June 5 to approve the dividend and audited financial statements and set the record date for May 12.

Pubali Bank stocks fell 3.10 percent to end the day at Tk 28.1 on Thursday.

Established as Eastern Mercantile Bank Ltd in 1959 in then East Pakistan, it was renamed Pubali Bank after the independence of Bangladesh.

Currently, Pubali Bank is one of the largest private commercial banks in Bangladesh, having 504 branches, 193 sub-branches, and 21 Islamic branches. Besides, it has the largest real-time centralised online banking network with 501 online branches.

Germany nudges up 2024 GDP forecast to 0.3%

REUTERS, *Berlin*

The German government will raise its economic growth forecast for this year to 0.3 percent, from 0.2 percent previously, and lower its forecast for inflation by 0.4 percentage points, a source told Reuters on Friday.

The forecasts are part of the government's draft spring projections, which Economy Minister Robert Habeck is due to present next Wednesday.

In 2025, the government expects gross domestic product to grow by 1.0 percent, according to the source. The economy ministry declined to comment.

Inflation is expected to fall to 2.4 percent this year, versus a previous projection of 2.8 percent. For 2025, the government sees inflation falling further, to 1.8 percent.

Economic experts from around the world expect inflation rates to decline in the years ahead, according to a quarterly survey published by the Ifo Institute on Friday.

"Compared to the previous quarter, inflation expectations for this year have fallen further," said Ifo researcher Niklas Potrafke.

But in the medium term, inflation rates around the world are likely to remain above central banks' inflation targets, he added.

The expected decline in inflation is primarily due to falling electricity and gas prices, Ifo's economist Timo Wollmershaeuser told Reuters.

Monisha Abraham becomes new MD of BAT Bangladesh

STAR BUSINESS DESK

Monisha Abraham has been appointed as managing director of the British American Tobacco (BAT) Bangladesh Company, effective from July 1.

Monisha is the first female managing director to lead BAT Bangladesh in the company's history of 114 years.

She will replace Shehzad Munim, who has built a strong legacy at BAT Bangladesh with commendable business results and visionary leadership, the company said in a press release yesterday.

Monisha has been a non-executive director of the BAT Bangladesh board of directors since March 2023.

She will be joining BAT Bangladesh from Ceylon Tobacco Company PLC, a part of the BAT Group, where she served as managing director and chief executive officer.

Monisha brings with her almost 30 years of experience in marketing and general management roles across multiple sectors, including fast-moving consumer goods and tobacco.

Throughout her career, she has held various pivotal positions in transformational roles across multiple countries in the Asia Pacific, Africa, Middle East and Europe.

Monisha shared her enthusiasm about the new role in a message: "I feel honoured to be entrusted with the responsibility of leading BAT Bangladesh, which has been operating in this region for over 114 years with a rich legacy of success and impact."

Monisha obtained her bachelor's degree in commerce from Jyoti Nivas College in India and did an MBA in marketing and finance from the Birla Institute of Technology, India.

STOCKS (WEEK-ON WEEK)

DSEX ▼	CASPI ▼
3.03%	2.92%
5,686.69	16,244.52

COMMODITIES (AS OF FRIDAY)

Gold ▲	Oil ▲
$2,390.86 (per ounce)	$83.14 (per barrel)

China auto sector steps up Europe push with Spain plant

AFP, *Madrid*

Chinese carmaker Chery signed a deal Friday to produce mainly electric vehicles in Spain, as Beijing's auto sector pushes ahead with plans to expand into Europe despite growing competition concerns.

It is the second Chinese carmaker to set up in Europe after China's top electric carmaker BYD said in December it would build a factory in Hungary.

Chery's move into Spain comes as the European Union is investigating whether Chinese electric vehicle makers benefit from unfair government subsidies.

The Chinese firm and its Spanish partner Ebro-EV Motors signed a joint venture agreement on Friday to assemble cars at a factory that Japanese carmaker Nissan shut down in December 2021 and that once employed nearly 3,000 people.

Chery, which is known for its cheap cars, is the junior partner in the venture.

The two firms said they expect to create 1,250 jobs and produce around 150,000 vehicles a year by 2029 at the site, a figure which could rise further.

Under the agreement sealed Friday in the presence of Spanish Prime minister Pedro Sanchez, Chery will start to assemble the internal combustion engine and electric versions of its Omoda model in the coming months, using the plant's existing infrastructure.

This production will be supplemented from the fourth quarter of 2024 by electric SUVs marketed under the Ebro brand.

This project "will result in the creation of wealth and, above all, in the creation and maintenance of jobs," Sanchez said, adding it is "a symbol of the process of reindustrialisation" under way "throughout Spain".

Founded in 1997, Chery is a state-owned company which says it sold 1.9 million cars in 2023. It rose to popularity in China about 15 years ago with its small petrol-fuelled city cars aimed at the local market.

It has since moved into the electric vehicle (EV) market although it is not one of China's best-known players, even if it claims to be its biggest vehicle exporter.

- 'Artificially low' prices -

Spain is Europe's second-largest car producing nation after Germany. Last year 1.87 million were assembled in Spain, according to the European Automobile Manufacturers Association.

Chery's move into Spain comes as tensions soar between Beijing and Brussels, with the EU stepping up actions to defend European industry against growing threats from China and the United States.

Brussels in September opened a probe into the subsidies China grants its electric vehicle sector, accusing Beijing of distorting competition.

Chery International Executive Vice-President Zhang Guibing delivers a speech after signing a joint venture agreement with Spanish group Ebro-EV Motors in Barcelona on April 19. Chinese carmaker Chery officialised its arrival in Spain yesterday, where it will produce locally-branded electric vehicles by the end of 2024. PHOTO: AFP

Migrant workers stare at uncertainty

FROM PAGE B1

Remittance receipts stood at $21.94 billion in 2023, up 3.1 percent year-on-year, BMET data showed.

If the crisis spreads, migrant workers will have to choose alternative routes, thereby incurring higher costs. This may lead more people to try and enter a country through illegal channels.

On top of that, many recruiters may cut the number of workers they hire due to economic or security issues.

"Ultimately, such issues will hit remittance inflows," Prof Rashid said, suggesting the government explore fresh destinations for migrants.

Echoing those sentiments, Baira Secretary Chowdhury said: "There is no alternative but to focus on new markets."

He said Qatar Emir Sheikh Tamim bin Hamad Al Thani is coming to visit Bangladesh this week. "The government should request him so that our labour market expands in the country."

Last year, Qatar hired 56,148 people from Bangladesh.

There is also the possibility of sending more migrants to South Korea, Thailand, Russia and European countries like Romania and Poland.

Chowdhury also urged the government to take steps to open visa centres or consulate services in Bangladesh of the nations that do not have diplomatic missions in the country.

In the absence of such diplomatic missions, many have to travel to India to apply for visas. However, getting an Indian visa is not an easy task for many of them in the first place, he said.

According to the International Monetary Fund's Global Economic Outlook for April, the conflict in Gaza remains a key downside risk for the Middle East and North Africa region, including a risk of further escalation or a protracted conflict.

"The conflict not only causes lasting human and social costs but can also lead to large and persistent output losses with potential spillovers to other countries."

Edible oil market

FROM PAGE B1

"So, a good number of small entrepreneurs closed down their edible oil business between 2008 and 2010 for failing to absorb huge losses."

Later, loan default and aggressive business practices forced couple more of the businesses to close down, Hashem said.

Traders said some importers were engaged in aggressive trade practices and bought land and invested in unproductive sectors without paying back bank loans, and these ultimately brought them down.

As a result, TK Group, Meghna Group, City Group, and S Alam Group remain the major players in the edible oil market, which is highly dependent on imports from Southeast Asia and Latin America.

These conglomerates consolidated their positions and cemented their foothold by capitalising on the sudden exit of other industry giants.

Industry insiders say that although several new companies, including Bashundhara Multi Food Products, Smile Food Products, Sena Edible Oil Industries and Delta Agro Food Industries, entered the market between 2016 and 2022, they are yet to make any significant impact.

Mohammad Abul Kalam, managing director of TK Group, denied allegations that they make excessive profit as only a few companies control the country's market.

"There is no opportunity for excessive profit. Various government agencies keep the market under surveillance at all times."

He opined that many big companies even disappeared from the market due to government policies.

"We buy oil from the open market, where there is one price in the morning and another in the afternoon. But at various times, the government forced us to sell products at fixed prices. So, many institutions were lost for this policy."

Kalam suggested that prices should not be controlled by the government and instead left to the market system.

Bangladesh is not the lone market where a few companies control the cooking oil industry.

For example, India's edible oil market is dominated by the presence of old conglomerates such as Adani Willmar, Patanjali Foods, and Agro Tech Foods, according to German data service provider Statista.

In Pakistan, 75 percent of the market is controlled by 11 major brands.

CAB President Rahman said consumers could also benefit in an oligopolistic market if all the firms try to increase their market share.

"But consumers' interest gets affected if there is an understanding among the firms. Here, the regulatory role to ensure competition is vital."

Airlines against move to adjust jet fuel price

FROM PAGE B1

Rahman also informed they had urged the government to allow an organisation other than Padma Oil Company to start selling jet fuel and thereby make the market more competitive.

At present, Padma Oil, a concern of BPC, is the lone distributor of jet fuel in the country.

"If we are bound to buy from one single source, there will be no benefit in the new system of setting the price," he said. "We will not be rid of the price burden under the new system."

Habibur Rahman, chief financial officer of US-Bangla Airlines, said it would have been fine if the BPC adjusted the price of jet fuel based solely on the APAG average.

"But they will add some costs to it, which includes transportation, financing and administrative costs, due to which airlines will not be benefited much."

He also said the airlines would have benefited more if they could buy jet fuel at a competitive price from an alternative source other than Padma Oil.

Kamrul Islam, general manager of public relations at US-Bangla Airlines, said they have long been demanding the government to set jet fuel prices in line with the international market.

Amin Ul Ahsan, chairman of BPC, said the government has formulated the new formula following discussions with various stakeholders to ensure that airlines do indeed benefit from it.

Higher debt to put strain on Bangladesh

FROM PAGE B1

Hussain recommended raising revenue earnings and reducing wasteful expenditure to lessen the risks of high debt.

As of September 30, the government's outstanding debt amounted to Tk 16,55,156 crore: Tk 9,74,092 crore at the domestic front and Tk 6,81,064 crore at the external front.

The government has set aside Tk 94,376 crore to service interest payments for FY24. It spent 53.2 percent of the amount in the July-December period.

In July-December, the government spent Tk 50,223 crore for interest payments against loans, up from Tk 39,925 crore in the first half of FY23, according to a finance division report.

As the debt service to revenue ratio is increasing, it reflects an increase in the cost of domestic debt, the IMF said, adding this reiterates the importance of raising the revenue-to-GDP ratio.

Bangladesh's tax revenue is among the lowest in the world, owing to the country's relatively poor tax performance and a lower tax compliance.

The IMF quoted the Bangladesh government as saying that the risk of external debt distress and the overall risk of debt distress remains low.

Rising interest rates, both external and domestic, will remain a critical challenge in the coming years and the government has revised interest payment projections, it said.

The IMF said the government restated its commitment to public financial and debt management to improve the debt dynamics and ensure fiscal and debt sustainability.

It acknowledged the urgent need to accelerate domestic revenue mobilisation to meet financing needs.